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For use only of the school lunch advisors and representatives of the dairy industry attending the May 2-4, 1955 meeting.

## UNITED STATES DEPARTMENT OF AGRICULTURE

### THE SPECIAL SCHOOL MILK PROGRAM

#### --- Background Information for Discussion Purposes ---

The Special School Milk Program, first announced by the Department last September 10, is now in its 8th month of operation. The initial task of placing the program into operation--undertaken by State agencies on relatively short notice--was virtually completed by early November. Since December, the program has been operating on a nationwide basis--with additional schools being approved for participation each month.

This report is intended to serve as background material for the meeting the Department has scheduled with the school lunch advisors and dairy industry representatives, May 2-4. It summarizes the progress that has been made under the program and outlines certain areas for discussion in connection with the program for next year.

#### The Program's Objective

The school milk program attempted to provide a many-sided approach to the objective of increasing milk consumption in schools. To reach the practical potential of this market for fluid milk, it appeared necessary to:

- (a) Start milk services in schools where milk previously was not available;
- (b) Encourage a larger percentage of children to drink milk in those schools where milk was already available; and
- (c) Offer those children already drinking milk in schools an opportunity to drink more than one half pint, if they so desired.

It was the intent of the program to increase milk consumption through reducing the price of milk to children. Major attention also was to be given to increasing consumption by making milk more available during the school day through milk service at other than the noon hour. In addition, emphasis was to be placed on obtaining the cooperation of local dairy and community groups in the solution of such problems as arranging deliveries, obtaining milk service equipment, etc.





### Program Progress

Significant progress has been made under the program. A large number of schools have been approved for participation and substantial increases in milk consumption have been obtained in a great many schools.

Number of Approved Schools: A large number of schools came into the program in a relatively short time. By early January, 42,000 schools had been approved for participation and, by mid-February, the number had increased to 45,000. As of April 1, a total of 47,652 schools had been approved.

Good progress also has been made in extending the program to schools outside the National School Lunch Program and to schools that did not serve milk last year. At the beginning of April, 9,106 schools (19 percent) approved for participation in the Special School Milk Program were not participating in the National School Lunch Program. A total of 7,635 approved schools represented newly constructed schools or schools without a prior service of milk. (Table I)

Availability of Milk to Children: As of April 1, the number of children attending schools approved for participation in the Special School Milk Program represented approximately half the total number of children attending elementary and secondary schools. By states, the percentage of school attendance having milk available during school hours as a result of the program ranges from a low of 28 to a high of 91 percent. (Table II)

Percentage of Children Drinking Milk: Available information indicates that the program also has made progress in increasing the percentage of children who are drinking milk in schools that previously served milk. In January, when attendance in schools approved for participation in the Special School Milk Program totalled approximately 13 million, preliminary reports indicated that approximately 7.3 million were drinking milk either as part of a school lunch or as separate servings. When complete reports for January are available, State agencies have estimated that the number of children drinking milk in participating schools may total almost 8 million.

Consumption Increases Being Obtained: It is estimated that from September through February, a total of slightly more than 232 million additional half pints of milk were consumed under the program. This total is based upon the actual increase obtained in schools for which reports have been submitted by States, together with their estimate of the probable increase in consumption among schools whose claims have not yet been processed by, or filed with, the State agency. (Table III)

The most complete report available on consumption increases by States is for the month of January when approximately 42,000 schools were approved for participation. This report covers 35,029 schools. Of this total, 34,082 schools reported consumption increases and 947 schools were reported as





failing to meet base consumption. Among the 34,082 schools reporting consumption in excess of their base, the increase totalled 63.5 million half pints, 61 percent above their base consumption. However, there was a wide variation around this average. In 5 States, the increase averaged 35 percent or less in reporting schools, while 3 States recorded average increases of 100 percent or more. (Table IV)

#### Other Program Trends

While the program has made good progress in increasing milk consumption in many schools, there are certain trends and developments which should be considered in planning for increased program effectiveness next year.

Program Impact in Individual Schools: The 4-cent rate of reimbursement for additional consumption, established for schools with a prior service of milk, was intended to enable such schools to blend prices so as to sell all milk offered outside a complete lunch at a reduced price. Our experience indicates that for many schools the problem of price blending proved to be more difficult than was anticipated at the time the new program was formulated.

The most difficult price blending operation occurs in those schools that previously served significant amounts of milk priced as a separate item, particularly when the school served milk at more than one time during the school day.

Some of these schools have been able to make effective price reductions by obtaining the required consumption increase through establishing new times of service. Other schools, not in a position to do likewise, have not entered the program. They feel that the consumption increase required cannot be obtained through the slight price reduction the 4-cent reimbursement payment for additional milk will permit. Therefore, they are unwilling or unable to take a gamble on incurring financial losses under the program.

On the other hand, some other schools in this position have entered the program that have not reduced prices. Certain of these schools have experienced little or no increase and apparently have not been submitting claims; some have cancelled their agreement. Others have increased consumption, largely through higher enrollments this year, and are using the reimbursement funds received to finance improvements in their food or milk service.

Problems Associated with the Base: It was anticipated that the level of milk consumption in a typical period of 1953-54 would be a fair measure of normal milk consumption in individual schools. There is increasing evidence, however, that such is not the case for a large number of schools.

One of the problems involved in using a prior period of time to measure normal or base consumption is that conditions change from those prevailing in the base period. For example, among the many factors that may influence milk consumption in a school are: (1) Population and economic changes in the community, (2) changes in the efficiency of the school's food service management, (3) cost changes, and (4) enrollment shifts as a result of school



consolidations or decentralizations. There is increasing concern being expressed about the volume of detailed problems that result from the need to constantly adjust bases.

#### Possible Program Modifications

Our review of program operations this year has led to the conclusion that if the present program were to be continued, it should be refocused to direct efforts primarily to those schools in which it is certain that a substantial percentage increase in consumption can be obtained. This will result in some further expansion of the program next year. At the same time, however, it would not bring into the program many large schools where a lesser percentage increase in consumption represents a large volume of additional milk.

If, on the other hand, a broader participation among schools with a prior service of milk is to be achieved next year, the present program should be modified. We have explored several modifications within the framework of the present program, such as increasing the rate of reimbursement for high-base schools or relating reimbursement to the percentage increase in consumption achieved by the school. Most of these modifications would increase the administrative complexities of the program without solving the problems the current program presents to many schools. These types of modifications, in effect, move in the direction of providing reimbursement for all milk priced as a separate item. Therefore, we are now exploring the merits of this latter approach.

Under such a program, the "base" would become the number of half pints of milk served in complete lunches during the current month and reimbursement would be provided for all milk served above that base.

In exploring the merits of such a program, we believe the following broad areas should be considered:

- (1) Would such a program better equalize opportunities for consumption increases among schools with a prior service of milk both within and outside the National School Lunch Program?
- (2) What would be an effective level of reimbursement to insure increased consumption?
- (3) Since payments would be made on all milk priced as a separate item, how could insurance be provided that the funds would be used to effectively stimulate consumption through price reductions?
- (4) Would such a program be effective in stimulating new times of service?
- (5) Would this approach simplify program operations and record-keeping requirements both for schools and State agencies?

Attachments - 4







